



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Into
Implementation of Federal Communications
Commission Report and Order 04-87, as It
Affects the Universal LifeLine Telephone
Service Program.

Rulemaking 04-12-001
(Filed December 2, 2004)

**OPENING COMMENTS OF THE DIVISION OF RATEPAYER
ADVOCATES ON ASSIGNED COMMISSIONER'S NOVEMBER 12, 2007
RULING SETTING SCOPE OF PHASE 2**

I. INTRODUCTION

The Division of Ratepayer Advocates ("DRA") submits these Opening Comments pursuant to the Administrative Law Judge's Scoping Memo ("Scoping Memo") issued November 12, 2007. The Scoping Memo sought comment on the long term strategies for improving the LifeLine Program that the Communications Division identified in their April 2, 2007 (Revised May 3, 2007) *Report on Strategies to Improve the California LifeLine Certification and Verification Processes* ("Strategies Report"). DRA recommends that the Commission resolve the underlying issues concerning the certification and verification process before moving to customer prequalification. DRA also advocates for coordination with other Commission low-income programs but is concerned with how those could be implemented. DRA is not commenting on every issue raised in the Scoping Memo; silence on a particular issue should not be construed as assent.

II. CUSTOMER PREQUALIFICATION

**A. Customer Pre-qualification is only a band-aid solution to
a deeper certification problem.**

DRA applauds the Commission's attempt to eliminate the burden on customers imposed by "backbills." DRA also acknowledges that a system of customer pre-

qualification could eliminate the backbilling problem. However, DRA does not believe that alleviating the backbilling problem alone will improve the LifeLine certification process.

According to the Strategies Report, Commission Staff discovered that customers were experiencing problems with the certification process similar to those that occurred with the verification process.¹ After the Commission implemented the new LifeLine processes in July 2006, the number of new customers signing up for LifeLine decreased dramatically, with just 31.64% of new LifeLine applicants returning the required forms in August 2006.² Similarly, the customer response rates to the new verification process, required to stay enrolled in LifeLine, also declined.³ Since both certification and verification processes rely upon customers to complete and return LifeLine forms to the Certifying Agent (“CertA”),⁴ the Commission should focus on improving the methods by which customers receive and the CertA (in this case Solix, Inc. (“Solix”)) processes these forms.

The Scoping Memo does highlight one disadvantage to the pre-qualification system, but DRA believes that the Commission underestimates the delay time in processing certification forms. The current problem with backbilling already shows that it could take *several months*, rather than *several weeks*, before forms are processed and customers notified of their ineligibility.⁵ Even if the Commission required customers to pre-qualify before being enrolled in LifeLine, Solix would still be mandated to process the forms in an efficient and timely manner. Thus, unless Solix has refined its processes to ensure that forms will be processed within several weeks, the harm that would be

¹ Strategies Report at A-13.

² *Id* at A-3.

³ *Id*.

⁴ *Id* at A-2.

⁵ Scoping Memo at 5.

caused by unreasonable delay in customers receiving telephone service would outweigh the benefits of simplifying the certification process and eliminating backbilling.

Even if backbilling is eliminated during the certification process, prequalification does not address the inappropriate backbilling that could occur during verification. The Commission already found that interface issues between Solix and the carriers prevented the accurate exchange of customer data.⁶ For example, the Strategies Report noted that carriers had been providing Solix with old records about LifeLine customers. The old records caused database errors that ultimately led to the rejection of LifeLine forms.⁷ Any errors and delay in communication between Solix and carriers would undoubtedly result in additional backbilling for those customers who were inappropriately terminated from LifeLine.

Pre-qualification poses another disadvantage – the potential for higher initial costs (deposits and service connection costs) acting as a barrier to enrollment for low-income Californians, especially those in traditionally hard-to-reach demographic groups.⁸ While some carriers address this initial high cost issue by offering a three-month payment plan, DRA recommends that utilities should be required to offer and inform customers of extended payment options of up to six months, if the customer so chooses.

In addition to choosing an extended payment option, DRA also proposes that the Commission look into whether Solix and carriers' systems could accommodate a certification method that allows customers to choose to enroll via either 1) the current certification process, ensuring that adequate disclosures of eligibility requirements and the possibility of backbilling are made at the time of enrollment, or 2) the proposed pre-qualification process. Having both options could solve the problems of delay in telephone service and backbilling during certification.

⁶ Strategies Report at A-32.

⁷ *Id.*

⁸ This concern was raised by the Commission Staff in its Strategies Report at A-31.

Finally, DRA recommends that the Commission address the root causes of the problems faced by the LifeLine certification and verification processes before adopting a prequalification method. Since the Commission has stated that both Solix and carriers have responsibilities² for the implementation of the LifeLine Program, the interface issues between them must first be resolved. As evinced by the Strategies Report, the success of both the certification and verification processes depends on the coordination of efforts between carriers and Solix. To that end, Commission staff has identified the need for the data exchange interface between carriers and Solix to require longer term resolution.¹⁰ Consequently, without these required long term improvements, other certification and verification processes changes may exceed the ability of Solix and carriers to effectively and efficiently implement.

B. If the Commission decides to implement a pre-qualification system, it must take into account the diverse needs of the California low-income populations.

Any prequalification program should be designed to meet the diverse needs of California's low-income populations. Even though prequalification is intended to be a simple process: fill out a form and send it in, for the elderly, disabled¹¹, or limited English proficient (LEP)¹² or non-English-speaking¹³ individual the form itself may be daunting or complicated to understand. Given the current difficulty with the certification and verification processes, the Commission should ensure that all LifeLine forms

² In D.07-05-030, the Commission summarized the interrelated obligations to customers shared by carriers and Solix. The carriers are responsible for providing the customer with adequate information about LifeLine, including enrollment procedures and criteria for qualifying, and Solix is responsible for addressing questions about the status of the customer's certification or verification form.

¹⁰ Strategies Report at A-32.

¹¹ Currently, 2,443,403 individuals between the ages of 16-64 in California reported that they have a physical disability, including hearing and visual disabilities. U.S. Census Bureau, 2006 American Community Survey.

¹² Among the 14,309,906 households, 6,778,944 households stated they speak English less than "very well." U.S. Census Bureau, 2006 American Community Survey.

¹³ According to the United States census, there are currently 14,309,906 households in California that speak another language other than English at home U.S. Census Bureau, 2006 American Community Survey. U.S. Census Bureau, 2006 American Community Survey.

accommodate these special needs. Specifically, the forms should be simple, legible, and translated into as many languages as possible.

In addition to simplifying the notices, the method by which these notices are disseminated should minimize the possibility of the notice being disregarded as junk mail or not read by the customer. Whatever methods the Commission adopts to notify LifeLine customers, DRA recommends that the Commission first identify the diverse needs of California's low-income populations (including other needs not set forth in these comments) and tailor its outreach and information program to reflect the diverse approaches that these populations need.

III. LESSONS FROM OTHER STATES

A. Web-based System for certification and verification

DRA reserves the right to comment on a web-based system once parties have had an opportunity to review the fully developed version proposed by Solix. California is a unique state whose population has diverse needs. Thus, until the Commission is able to isolate the sources of the problems with the LifeLine certification and verification processes, it would be difficult to determine how other states' web-based enrollment systems could be duplicated or adapted for future use in California. Therefore, the Commission should not expend excessive resources to develop a web-based system until it has assessed the enrollment needs of LifeLine customers.

B. The Commission should not modify the certification requirement to eliminate program eligibility based on income level.

DRA supports adding an automatic enrollment option into the LifeLine program if a customer participates in other low-income programs. Since eligibility requirements are similar for many low-income programs, there is no need to duplicate the certification process. However, DRA strongly opposes eliminating LifeLine program eligibility based on income level. Customers should be informed of, and able to use, either eligibility option to qualify for LifeLine telephone service.

Requiring a LifeLine eligible individual to jump over the added hurdle of applying for other qualifying low-income programs in order to receive discounted telephone service would be a waste of time and resources. Not everyone that is eligible for various low-income programs may want to or know how to sign up for, or even be aware that these qualifying low-income programs exist, particularly for the disabled, elderly, or LEP populations. If LifeLine eligibility is predicated on enrollment in another unrelated low-income program, the low-income person who is not enrolled in any qualifying low-income program would be unfairly penalized for not utilizing those other resources. This pre-requisite to LifeLine eligibility will also likely result in an even lower number of LifeLine certifications and verifications because even the current processes have already proven to be problematic.

IV. REFINEMENTS IN CUSTOMER RESPONSES

A. Processing unscannable Mail

By October 2006, the Commission's Consumer Affairs Branch ("CAB") reported receiving 300-500 letters per day from customers appealing their elimination from the LifeLine program.¹⁴ One of the reasons for those terminations was Solix' inability to process unscannable forms (partial forms or undeliverable verification forms).¹⁵ Other than contacting the carrier regarding undeliverable mail or unscannable mail, Solix could contact the LifeLine customers via telephone to confirm their addresses or inform them of their incomplete forms. This would provide extra notice to eligible LifeLine customers who may be overlooking their mailed LifeLine notices. While this step requires expending more resources at the front end, it may reduce the number of complaints regarding certification and verification that CAB, Solix, and carriers would have to investigate on the back end. Accordingly, the amount of erroneous backbilling to customers who are, in fact, LifeLine eligible may be reduced.

¹⁴ D.07-05-030 at 3.

¹⁵ Scoping Memo at 6.

B. Remediating Other Issues

DRA reserves the right to comment on other steps that should be taken in processing the non-response data.

V. SYNERGIES WITH OTHER COMMISSION LOW-INCOME PROGRAMS

A. Synergy with Other Low-Income Programs would be efficient, but detrimental if the certification process is not seamless.

DRA advocated in R.07-10-042 that one of the strategies the Commission should use to improve service to California's low-income community was to create a synergy between all of the public purpose programs run by the Commission.¹⁶ Many issues that affect low-income communities in California cross the boundaries of telecommunications, energy, and water.¹⁷ Therefore, one enrollment form for all of the low-income programs would be efficient and ensure that LifeLine eligible customers would simultaneously reap the benefits of other utility industry programs.

However, DRA recommends that the Commission thoroughly explore this approach through a workshop before it adopts a single enrollment form for all Commission low-income programs. The workshop should address all of the differences in the low-income programs for each industry; whether those differences can be reconciled in one form will be illustrative of the approach's feasibility. For example, while program eligibility requirements are similar for all industries, there are currently differences in implementation and eligibility verification in each industry that would require the Commission to extensively review and analyze the variations between the program's implementation processes.

With the well-documented problems associated with implementation of the LifeLine program, DRA is concerned with the implementation of a coordinated

¹⁶ "Comments of the Division of Ratepayer Advocates on the Administrative Law Judge's ruling Seeking Comments on Issues raised in the KEMA report and on Natural Gas Appliance Testing Issues," 2007 at 3.

¹⁷ The Division of Ratepayer Advocates has members on-or are active participants-in many of the Commission's low-income public purpose programs advisory boards.

enrollment process between all of the low-income programs. With only one enrollment process for all of these programs, a complication with certification or verification could result in delay or loss of necessary services. That is too great of a risk to take at this time, especially when the LifeLine Program is undergoing such extensive improvements.

B. Web-Based Program

A web-based program would be a useful tool to broaden the enrollment process for all low-income programs. However, a web-based program should not be viewed as the primary tool by which low-income households sign-up for the Commission's low-income programs. According to the Low-Income Needs Assessment Report, 49% of low-income households in California never use the internet as an information channel.¹⁸ This suggests that a web-based program might only reach 51% of the target population with no promise that this majority would even use the program. If the Commission decides to use a web-based program, DRA recommends that it be in multiple languages and that special assistance or resources are available for individuals with disabilities.

Moreover, there are numerous factors that must be considered with a web-based system:

- Who would administer and oversee the web-based system? The Commission? A third party?
- How much will it cost? And who will pay for it?
- How will information be disseminated to the carriers and other utilities?
- What kinds of performance metrics should the Commission employ in order to measure program efficacy?

As DRA has explained, a workshop would be the most effective method for resolving these concerns.

¹⁸ Phase 2 Low Income Needs Assessment, Final Report at 5-74

VI. CONCLUSION

Based on the foregoing reasons, the Commission should adopt DRA's recommendations explained herein.

Respectfully submitted,

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December 14, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of OPENING
COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON
ASSIGNED COMMISSIONER'S NOVEMBER 12, 2007 RULING SETTING
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Executed on December 14, 2007 at San Francisco, California.

/s/ ROSEMARY MENDOZA

Rosemary Mendoza

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